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STANDING COMMITTEE ON COAL AND STEEL (2016-2017) SIXTEENTH LOK SABHA

MINISTRY OF STEEL

Action Taken by the Government on the Observations/ Recommendations contained in the Twenty-Ninth Report of the Standing Committee on Coal and Steel (Sixteenth Lok Sabha) on "Demands for Grants (2017-18)"

THIRTY-THIRD REPORT

LOK SABHA SECRETARIAT
NEW DELHI
AUGUST, 2017/SRAVANA, 1939 (Saka)

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Presented to Lok Sabha on 10.08.2017

Laid in Rajya Sabha on 10.08.2017

LOK SABHA SECRETARIAT
NEW DELHI
AUGUST, 2017/SRAVANA 1939 (Saka)

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Shri Rakesh Singh- Chairperson

Name of the Member

Lok Sabha

2. Shri A Arunmozhithevan
3. Shri Kalyan Banerjee
4. Shrimati Jyoti Dhurve
5. Shri Nagesh Godam
6. Shri Shailesh Kumar
7. Dr. Banshilal Mahato
8. Shri Kamalbhan Singh Marabi
9. Shri Ajay Nishad
10. Shrimati Riti Pathak
11. Shrimati Ranjit Ranjan
12. Dr. Ravindra Kumar Ray
13. Shri Chandu Lal Sahu
14. Shri Tamradhwaj Sahu
15. Shri Tathagata Satpathy
16. Shri Janardan Singh "Sigriwal"
17. Shri Pashupati Nath Singh
18. Shri Rama Kishore Singh
19. Shri Sunil Kumar Singh
20. Shri Sushil Kumar Singh
21. Shri Krupal Balaji Tumane

Rajya Sabha

22. Shri Ali Anwar Ansari
23. Dr. Pradeep Kumar Balmuchu
24. Shri Ranjib Biswal
25. Shri Md. Nadimul Haque
26. Shri B.K Hariprasad
27. Shri Ranvijay Singh Judev
28. Shri Ram Vichar Netam
29. Shri Dilip Kumar Tirkey
30. Vacant
31. Vacant

SECRETARIAT

1.	Shri U.B.S. Negi	-	Joint Secretary
2.	Shri Ajay Kumar Garg	-	Director
3.	Shri Arvind Sharma	-	Additional Director
4.	Smt. Vandana P. Guleria	-	Executive Officer

INTRODUCTION

I, the Chairperson, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Thirty-Third Report (Sixteenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Twenty-Ninth Report of the Standing Committee on Coal and Steel (Sixteenth Lok Sabha) on "Demands for Grants (2017-18)" pertaining to the Ministry of Steel.

2. The Twenty-Ninth Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 20.03.2017. Replies of the Government to all the observations/recommendations contained in the Report were received on 27.06.2017.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 03.08.2017.

4. An analysis on the Action Taken by the Government on the observations/ recommendation contained in the Twenty-Ninth Report (Sixteenth Lok Sabha) of the Committee is given at **Annexure-II.**

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in Chapter-I of the Report.

NEW DELHI;
03 August, 2017
12 Sravana 1939(Saka)

RAKESH SINGH
Chairperson
Standing Committee on Coal and Steel

REPORT

CHAPTER I

This Report of the Standing Committee deals with Action Taken by the Government on the observations/recommendations contained in the Twenty-Ninth Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel on Demands for Grants (2017-18) relating to the Ministry of Steel which was presented to Lok Sabha and laid in Rajya Sabha on 20.03.2017.

2. The Action Taken Replies have been received from the Ministry of Steel in respect of all the 15 observations/recommendations contained in the Report on 27.06.2017. These have been categorised as follows:-

(i) Observations/Recommendations which have been accepted by the Government:

Serial Nos. 1, 2, 3, 4, 5, 6, 7, 8, 10, 11 and 15

Total : 11
Chapter-II

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government:

Serial No. Nil

Total : 00
Chapter-III

(iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee:

Serial Nos. 9,12,13 and 14

Total : 04
Chapter-IV

(iv) Observations/Recommendations in respect of which final replies of the Government are still awaited:

Serial No. Nil

Total : 00
Chapter-V

3. The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. In case, where it is not possible for the Ministry to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee desire that Final Action Taken Notes on the Observations/Recommendations contained in Chapter-I of this Report be furnished to them within three months.

4. The Committee will now deal with the Action Taken by the Government on some of their observations/recommendations made in the Twenty-Ninth Report.

Recommendation No. 9

OMDC and BSLC Ltd.

5. The Committee noted that OMDC Ltd. and BSLC Ltd., constituents of erstwhile Bird Group of Companies, had become subsidiary companies of RINL and their financial performance figures have been clubbed with RINL. The Committee note that BSLC had been producing and dispatching limestone and dolomite – a raw material for steel making, but the production of limestone had been stopped from 2015-16, due to lack of its demand coupled with less requirement of dolomite by steel plants as a result of recession in economy in general and steel industry in particular. As regards OMDC, the Committee have noted that OMDC operates six mining lease of iron ore in the state of Odisha located around Barbil, Thakurani in the district of Keonjhar. However, at present operations in all the six mines are closed due to non-renewal of mining leases and litigations. Similarly, the mines of BSLC were also not under operation in the absence of renewal of mining leases. In view of such dismal scenario of these two companies, the Committee would like to be apprised of the accumulated losses of RINL on account of these two subsidiary companies. The Committee would also like to be apprised of the steps taken so far for renewal of mining leases and their present status. The Committee felt that it is unviable for smaller

units/companies to manage themselves and therefore, the Ministry should explore the possibility of merger of BSLC and OMDC with RINL. In this context, the Committee in their 9th Report on Demands for Grants (2015-16), had also recommended for merger of OMDC & BSLC with RINL. Since no decision had been taken in the matter so far, the Committee would like to reiterate their earlier recommendation and hope that steps will be taken to merge these two companies with RINL without further delay. The Committee would like to be apprised of the progress made in this regard.

6. In its action taken reply, the Ministry of Steel has stated as under:-

> "As per the Government approved holding pattern, EIL is a listed company and subsidiary of RINL (wholly owned Government company) and OMDC and BSLC are listed companies, and subsidiaries of EIL. Merger of these companies involves various factors including financial, operational viability, etc and approvals of their Boards . RINL, as the holding company, has been tasked with examining feasibility of various options and requisite actions keeping in view relevant DPE guidelines and statutory provisions."

7. The Committee note that the matter regarding merger of OMDC Ltd & BSLC Ltd with RINL has been pending since long. While observing that no mines of OMDC and BSLC are operational at present due to non renewal of mining leases and litigations and also taking into account the fact that it is unviable for smaller units/companies to manage themselves, the Committee in their Original Report had desired that steps be taken to merge these two companies with RINL without further delay. The Committee note that the reply of the Ministry merely states that merger of these two companies involves various factors including financial, operational viability, etc and approvals of their Boards and RINL, as the holding company, has been tasked with examining feasibility of various options and requisite actions keeping in view relevant Department of Public Enterprises (DPE) guidelines and statutory provisions. The Committee, are, however, concerned to note that despite their earlier recommendation made in the 9th Report (16th LS) presented to the

House on 24.04.2015 on the same issue, no decision had been taken in the matter and the Ministry in their reply dated 28/7/2015 had simply stated that Ministry of Steel has noted the observation. Moreover, the Committee had also reiterated the same in their 17th Report on Action Taken by the Government on recommendation contained in the 9th Report. According to the Committee, for smaller units/companies, survival is a challenge as despite their small size, they have to face unnecessary burden of all aspects like logistics, infrastructure, management etc. which have to be catered to and accounted for. In view of the repeated recommendations by the Committee, they fail to understand the reason for delay in examining the matter. The Committee also find that the reply of the Ministry is silent on accumulated losses of RINL on account of these two subsidiary companies and the steps taken so far for renewal of mining leases. The Committee would also like to be informed on these issues without any further delay.

Recommendation No.12

SETTING UP OF SHREDDING PLANT BY MSTC LTD.

8. As regards setting up of Auto Shredding Plant by MSTC Ltd., the Committee observed that the company had signed a Joint Venture Agreement with Mahindra Intertrade Ltd. on 8th August, 2016 and a new Joint Venture Company Mahindra MSTC Recycling Private Ltd. had been incorporated on 16th December, 2016. A provision of Rs. 49 crore has been made for capital expenditure for the purpose during 2017-18 with Rs. 10 crore in the form of equity, Rs. 35 crore for purchase of land and construction of office and Rs. 4 crore for miscellaneous items of administrative nature. Although, the Ministry of Steel had informed the Committee that it was planning to set up the shredding plant by 31st March, 2018, the Committee note that the procurement of equipment and technology from some foreign companies for setting up the plant was yet to be finalized. The Committee, therefore, recommended that immediate action

be taken for procurement of equipment and technology for setting up the plant by MSTC Ltd. ensuring optimum utilization of capital expenditure of Rs. 49 crore and completion of the plant by March, 2018 as targeted.

9. In its action taken reply, the Ministry of Steel has stated as under:-

> "MSTC Ltd. will set up authorized collection centers for dismantling and compacting ELV & white goods before they are sent to the Shredding Plant. The Ministry of Road Transport and Highways (MORTH) has made a study to scrap commercial vehicle ageing over 15 years. The JV Company is scouting for foreign companies for equipment and technology for setting up of the Shredding Plant by 31st March, 2018.
>
> A sum of Rs 10.00 crore has been allocated towards equity contribution for this project for the financial Year 2016-17. A sum of Rs 3.10 crore has already been spent on this account till 31.03.2017.
>
> The process of procuring auxiliary equipments (dismantling and depolluting) for setting of Collection Centre have already started. In respect of other Equipment it is decided that bids would be invited by reverse auction mechanism using E-auction Platform of MSTC Ltd."

10. Regarding setting up of Shredding Plant by MSTC Ltd., the Committee noted that a new Joint Venture Company, the Mahindra MSTC Recycling Private Ltd. had been incorporated on 16th December, 2016. The Committee in their Original Report had recommended that immediate action be taken for procurement of equipment and technology for setting up the plant and desired that the plant become operational by March, 2018. In their Action Taken Replies, the Ministry of Steel has informed the Committee that the JV Company Mahindra MSTC Recycling Private Ltd. is scouting for foreign companies for equipment and technology for setting up of the Shredding Plant by 31st March, 2018. The Committee further note that though the process of procuring auxiliary equipment (dismantling and depolluting) for setting of Collection Centre has already started, in respect of other equipment, bids are yet to be invited using e- auction platform of MSTC Ltd. The Committee also observe that the reply of the Ministry is silent on the steps taken to ensure full utilization of Plan Outlays of Rs. 49 crore for setting up

Shredding Plant by 31st March, 2018. The Committee would, therefore, like to be apprised of the steps taken to fully utilize Rs. 49 crore on plan outlays for the Plant for 2017-18 including Rs. 35 crore targeted to be expanded on procurement of land and construction activities. The Committee also desire that the process of scouting for companies for equipment and technology and procurement of auxiliary equipment should be expedited so that the plant becomes operational by 31st March, 2018.

Recommendation No.13

PERFORMANCE OF NMDC

11. The Committee noted that the production of iron ore by NMDC was 304.41 lakh tonne during 2014-15. During 2015-16, the production of iron ore reduced to 285.74 lakh tonne. The production of iron ore by NMDC for the year 2016-17 was targeted at 327.50 lakh tonne against which the production of iron ore was 236.27 lakh tonne during 2016-17 upto December, 2016. The production of iron ore during 2017-18 by the company is targeted at 350 lakh tonne. As regards sponge iron, the production was 28994 tonne during 2014-15 which sharply declined to 6614 tonne during 2015-16. The production target for 2016-17 was kept at 7000 tonne against which the actual production is 5719 tonne upto December, 2016. For 2017-18, the production target of sponge iron had been kept at 7000 tonne. The Committee felt that the increase in production target of iron ore by the company during 2017-18 is not commensurate with the 300 MT steel production target in the country by the year 2025. The Committee, therefore, recommended that a holistic plan may be prepared by Ministry of Steel/NMDC ensuring proportionate increase in production of iron-ore on yearly basis so that the target of production of 300 MT of steel by the year 2025 may be achieved.

12. In its action taken reply, the Ministry of Steel has stated as under:-

"During the financial year 2016-17, the Production of iron ore by NMDC increased from 286 LT to 340 LT, with a growth of 19% over previous year and the Sales also touched historical high of 356 LT against the previous year sales 288 LT, with a growth of 24% over previous year. In order to meet the demand for future, NMDC is ramping up the production from its Mines.

To meet the growing requirement of iron ore by the Indian Steel Industry, NMDC has made plans to increase its production capacity to 67 million tonnes per annum by 2021-22. The strategy focuses on growth largely through brown field expansion of existing mines and improving evacuation along with it. Development of two green-field mines (Deposit 13 & 4 in Chhattisgarh) has also been planned through JVs with the Chhattisgarh Mining Development Corporation.

For expanding capacity beyond this, NMDC is pursuing allocation of new iron ore deposits both through participation in auction and government dispensation route (Section 17 A (2A) of the revised MMDR Act, 2015). Once NMDC is allotted new deposits, it will invest in development of the same to further increase its production capacity for meeting the enhanced iron ore required for India's steel production to grow to 300 MTPA in the next few years.

NMDC is also planning to set up a Slurry Pipeline in phases for evacuation of the iron ore at economical cost to such locations from where the pellets / Ore is made available to industry. The effort for increase in evacuation capacity through doubling of KK Line is in full swing.

NMDC is also in the process of developing iron ore stock yards at other locations so that, even if there is a disruption in supply chain due to any reason, the needs of the industry can be met."

13. Keeping in view the target of 300 million tonne of steel production set by the year 2025, the Committee had desired that a holistic plan may be prepared by Ministry of Steel/NMDC so that the target be achieved within the time limit envisaged. The Committee note that during the Financial Year 2016-17, the Production of iron ore by NMDC increased from 28.6 MT to 34.0 MT, with a growth of 19% over previous year. Besides this, NMDC is planning to increase its production capacity to 67 million tonnes per annum by 2021-22 by pursuing allocation of new iron ore deposits which once allotted, will be developed further to increase the production capacity. However, the Committee find that although the reply of the Ministry of Steel has mentioned about the ambitious plan of NMDC to achieve 67 MT production capacity of iron ore by NMDC, the reply is silent about any

holistic plan prepared by Ministry of Steel ensuring year-wise increase to achieve targeted production of 300 MT by 2025. The Committee, therefore, reiterate their earlier recommendation and desire to be apprised of the steps taken to facilitate identifying and roping in more explorers besides NMDC for exploration of iron ore deposits in the country in a bid to achieve this mammoth target of 300 MT production of steel by 2025.

Recommendation No.14

14. As regards setting up of 3 MTPA capacity steel plant in Chhattisgarh by NMDC, the Committee noted that MECON, Ranchi had been appointed as Engineering and PMC consultant for the project and about 86% of major civil works, 82% of structural supply, 86% equipment supply and 66% of structural erection had already been completed. The Committee were, however, concerned to note that though the project was anticipated to be completed by May, 2015, the revised anticipated date of completion of the construction had been shifted to December, 2017. What had further perturbed the Committee was that the approved capital outlays of Rs. 15525 crore and revised capital expenditure was still under the process of finalization. The Committee therefore, desired that the Ministry of Steel/NMDC should take remedial steps to ensure that there was no further delay in completion of the project. The Committee would also like to be apprised of the revised capital outlays of the project.

15. In its action taken reply, the Ministry of Steel has stated as under:-

"The construction works of various packages are going on in full swing. The status of the major activities is as under:

Civil	- 88%,	Fabrication	- 85%
Erection	- 70%,	Equipment Supply	- 83%

The progress of the project is being monitored and reviewed at various levels including Ministry."

16. Taking note of the delay in commencement of the 3 MTPA capacity steel plant in Chhattisgarh, the Committee in their Original

Report had desired that Ministry of Steel/NMDC should take remedial steps to ensure that there is no further delay in completion of the project. The Committee note that the Ministry's reply is silent on the aspect of the remedial actions taken for expediting the commencement of the Plant. Besides this, the Committee are also concerned to note that the reply is silent on the revised capital outlays of the project. While observing that only five months are left from the targeted date of completion of the project i.e. December, 2017 , the Committee desire to be apprised of the current status of completion of the project and would also like to be informed about the amount of money expended on the project since the time of its inception and the cost overrun of the project till date.

CHAPTER –II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation No. 1

ALLOCATION OF FUNDS

The Committee note that during 2014-15 Rs. 92.92 crore was allocated to the Ministry at BE stage which was reduced 78.10 crore but the actual expenditure was only Rs. 66.13 crore. Again in 2015-16 against the allocation of Rs. 88.13 crore at BE stage, RE was Rs. 38.48 crore, out of which only 31.90 crore was expended. During 2016-17 the total allocation was Rs. 85.62 crore which was enhanced to Rs. 438.11 crore at RE stage but actual expenditure was merely Rs. 30.36 crore upto December 2016. For 2017-18, Rs. 44.14 crore has been allocated. These mismatch between the allocation and actual expenditure is a cause of concern to the Committee. The non-utilization of funds adversely affect the various activities undertaken by the Ministry which ultimately hinder the growth and development of the steel sector which is very vital for the economy. The Committee, therefore, recommend that the Ministry should prepare a roadmap in coordination with all concerned ensuring optimum utilization of funds allocated to them. The Committee also recommend that the Department should also urge the Ministry of Finance to allocate funds as per their requirements so that various activities undertaken by them are not hampered for want of funds. The Committee would like to be apprised of the initiatives undertaken by the Ministry in this regard.

Action Taken

1. Detailed provision and expenditure of the period under review is given in the table below:

(Rs. in crore)

Year	BE			RE			Actuals			
	plan	Non Plan	Total	plan	Non Plan	Total	plan	Non Plan	Total	% w.r.t RE
2014-15	20.00	72.92	92.92	7.00	71.10	78.10	2.03	69.28	70.31	90.03
2015-16	15.00	73.13	88.13	15.00	23.48	38.48	10.26	21.64	31.90	82.90
2016-17	15.00	70.62	85.62	15.00	423.11	438.11	15.00	422.82	437.82	99.93
2017-18	15.00	29.14	44.14	--	--	--	--	--	--	--

2. In RE 2014-15, reduction is due to due to a cut of Rs. 13.00 crore in plan provision applied by Department of Economic Affairs, Ministry Finance. The overall expenditure in 2014-15 is app. 90% of RE provision. Expenditure in plan provision is less due to non approval of projects by the Project Approval and Monitoring Committee of Ministry of Steel.

3. In RE 2015-16, Ministry of Finance did not approve the subsidy component of Rs. 49.23 crore to HSCL and hence the total provision was reduced to Rs. 38.48 crore. Actual expenditure was 82.90%. Less expenditure is due to non utilization of plan provision due to some technicalities.

4. In RE 2016-17, the provision was increased to Rs. 438.11 crore as the Cabinet has approved the financial restructuring of HSCL and its taken over by NBCC. The Committee has commented on expenditure upto December, 2016. The provision for HSCL was made in RE 2016-17, however, approval of Parliament was conveyed by Ministry of Finance in March, 2017. After which the fund was released and Actual expenditure is 99.93% of RE provision as on 31.03.2017.

5. In BE 2017-18, there is a provision of Rs. 44.14 crore, which is much lower than preceding years. In preceding years subsidy was being provided to HSCL to the tune of Rs. 49.22 crore which is not needed now due to financial restructuring of HSCL. Hence, the reduction in budget size of Ministry of Steel occurred.

6. It may be seen from the above facts that budget provision is according to actual requirement. However, recommendations of the Committee have been noted for compliance in future.

[O.M. No.11014 (3)/2017-Parl. Dated 27th June, 2017 of Ministry of Steel]

Recommendation No.2

PLAN EXPENDITURE - R&D IN STEEL SECTOR

The Committee note that the Gross Budgetary Support to Ministry of Steel is only for a single scheme named 'Scheme for Promotion of R&D in Iron and Steel Sector'. Approved on 23.01.2009 and implemented from Financial Year 2009-10 (w.e.f. 01.04.2009), this scheme was included in the 11th Five Year Plan (2007-12) with an outlay of 118 crore. The said scheme was continued in 12th Five Year Plan (2012-17) with a total provision of Rs.200 crore. Till the financial year 2015-16, the plan provision of the Ministry of Steel was kept under three components of the R&D Schemes viz. (i) Scheme for Promotion of Research and Development in Iron and Steel Sector – ongoing R&D Projects; (ii) Development of Technology for Cold Rolled Grain Oriented (CRGO) Steel Sheets and other value added innovative steel products; and (iii) Development of innovative Iron/Steel making process/Technology. After rationalization in 2016-17, the entire provision has been kept under one sub-head i.e. Scheme for Promotion of Research and Development in Iron and Steel Sector. According to the Ministry of Steel, this rationalization of R&D Scheme would be helpful in ensuring flexibility in spending of funds unlike the earlier system whereby allocation for funds to 3 different sub heads had caused under-utilization of funds. The Committee note that the actual utilization of funds allotted for the scheme during 2016-

17 (upto December, 2016) has been 67% i.e. out of a total allocation of Rs. 15 crore for the scheme in BE (2016-17), Rs. 10.05 crore have been spent till December, 2016. The Committee hope that the rest of the outlays would also be expended by the last quarter of 2016-17. The Committee, however, are concerned to note the fact that even though Rs.200 crore was earmarked for R&D scheme for 12th Five Year Plan, only Rs.142 crore was allocated at BE stage which was further reduced to Rs.71.49 crore at RE stage, against which the amount actually utilized by the Ministry is mere Rs. 55.25 crore which is only 76.97 % of RE upto December, 2016. The Committee feel that given the lack of quality steel production in the country for electric and auto sectors, there is an imperative need to bolster the R&D Sector by ensuring optimum utilization of funds allocated for the same. It was informed to the Committee that outlay of Rs. 15 crore is not adequate for the scheme and they may raise additional requirement of Rs.30 crore through supplementary demands for grants. While appreciating the Government's efforts that more and more R&D projects are being taken up in the steel sector and increased budgetary support being sought by the Ministry of Steel, the Committee are of the considered opinion that as in the case of major steel producing countries, in India also, it is imperative that major steel producing companies in the country invest atleast 1% of their total turnover on R&D and bring appropriate policy/statutory framework for its implementation.

Action Taken

With regard to the utilization of the allocated fund for 2016-17, it is submitted that the total allocation of Rs. 15 crore has been utilized fully. However, out of the total allocation of Rs. 200 crore in the 12th Plan period, only Rs. 60 crore could be utilized primarily since the CRGO project for which there was an allocation of Rs. 150 crore could not be intiated in the 12th Plan.

Ministry of Steel has communicated the recommendation of the Committee to enhance the R&D expenditure of the steel companies to 1% of the turnover in a time bound manner. Ministry of Steel has also included the aforesaid recommendation in the National Steel Policy. The oprationalisation of the Steel Research & Technology Mission of India (SRTMI), which is an institutional mechanism for undertaking joint collaborative R&D for the steel sector, will also help in achieving the above benchmark by the steel companies.

[O.M. No.11014 (3)/2017-Parl. Dated 27th June, 2017 of Ministry of Steel]

Recommendation No.3

While acknowledging the significance of R&D in the Indian Steel Sector, the Committee dealt in detail all aspects related to it in their 21st Report on "Research and Development in Iron and Steel Sector" wherein the Committee emphasized that there is ample scope for sustained growth and development of steel sector in the country. In the opinion of the Committee, to sustain and improve the competitiveness of the Indian Steel Industry, adoption of modern and state-of-the-art technologies both in the existing and new plants is of utmost importance by pursuing appropriate R&D Programmes. The Committee also note that the Projected Medium Term outcomes of the Ministry of Steel for 2017-18 are development of processes/technologies to utilize low grade iron ore, improve quality of coal blend for manufacturing of coke, to improve productivity and product quality, to develop new products, to recycle / re-use waste following the completion of on-going R&D projects. According to Ministry of Steel, they are considering to associate secondary steel producers with SRTMI (Steel Research & Technology Mission India) so that they can also get benefit of technology transfer at reduced rates. The Committee desire that the work on all these aspects may be initiated earnestly and would emphasize that the focus of R&D mainly should be on upgradation of raw material available and development of high quality electric steel and CRGO Steel, etc. in the country thereby reducing the dependence on imported steel by focusing on indigenous production techniques of world class standards.

Action Taken

The above directives of the Committee have been noted. As directed by the Committee, the work of the on-going R&D projects as well as SRTMI will be pursued earnestly and R&D on upgradation of raw materials & development of CRGO will be accorded high priority.

[O.M. No.11014 (3)/2017-Parl. Dated 27th June, 2017 of Ministry of Steel]

Recommendation No.4

PROMOTION OF STEEL USAGE

The Committee note that there is enough potential for consumption of steel in our country as the per capita consumption is way below the world standards which is 10 kg in rural areas and 60 kg in urban areas as against world average of 225 kg. The major reason for lower steel consumption is increasing replacement of steel by plastic. As per the finding of this survey, study conducted by the Joint Plant Committee the average per capita consumption of finish steel in rural areas is estimated to increase to around 12 Kg in 2020. The growth would be powered mainly by construction activities, largely at the household level but also by purchase of items such as items for professional use, furniture and vehicles. However, it is also expected that the demand for household items would decrease over the years. For enhancing the consumption of steel in rural India, the JPC has recommended that steel companies should shift their focus on type of housing structure, re-looking steel design for various applications, investment in community structures, small and medium steel products manufacturing, highlighting advantages of steel, increasing aesthetics of steel, improving logistics & supply chain for steel, focusing on advertising & marketing of steel through fairs, workshops etc. and addressing steel quality issues. During the current year, a fresh pan-India study on the domestic rural steel demand has been undertaken by the JPC. The Committee also note that SAIL and its dealer actively engaged in publicity of its products through dealers/mason and architects' meets wall painting, hoardings audio, video and print advertisements, distribution of promotional items, participation in local fairs etc. Incentive schemes are being operated by SAIL to encourage dealers to improve their performance as well as to promote SAIL steel. RINL makes efforts on continuous basis for promotion of steel usage through development and supplying of new products and improving Distribution Network for wider coverage. HSCL has the mandate for exploring the areas of infrastructure development for increasing steel usage in the country and has started to explore the opportunities for using steel intensive technologies for urban housing, low cost mass housing, road bridges, industrial infrastructure, Food godowns, infrastructure development in hilly terrains and seismic zones and stadiums and sports infrastructures. During the course of evidence, the Committee were informed that certain Model Housing Projects are being planned in the country which would utilize steel beams and pre-fabricated steel sheets. The basic idea is to provide choice of building material to those willing to experiment. This can be used for construction of houses in hilly and cold areas of the country and commercial structures as well. While appreciating the affords of the Ministry/PSUs to augment usages of steel in the country. The Committee feel that the need of the hour is to focus on steel intensive structures in housing & infrastructure sector to give a boost to economy by augmenting steel consumption. The Committee also feel that corrective and coordinated efforts to be made to increase the per capita consumption of steel in Rural and Urban areas of the country. The Committee also desire that adequate and relevant R&D should be done on the feasibility of these structures before bringing it in the public domain. The Committee would like to be apprised of the initiatives undertaken by the Ministry in this regard.

Action Taken

Institute for Steel Development & Growth (INSDAG), an Institute promoted by the Ministry of Steel has taken has taken up a number of activities / initiatives to enhance steel consumption and to create the awareness for more of steel usage.

The following are the areas / activities initiated by INSDAG in the rural segment to boost consumption:-

- Organized steel campaign in rural areas by training of masons / bar benders on the benefits of steel usage and promote best practices using steel reinforcement bars. Till date, 52 number of Masons Training Programme covering 2611 nos. of masons were conducted by INSDAG in association with SAIL, Tata Steel, RINL and JSW.

- INSDAG developed design details of model Rural Houses, Anganwadi Centres, Panchayat Hall, Community Toilet, etc. with steel. These designs are cost effective and easily implementable in rural / semi-rural areas. To popularize the concept across the country, INSDAG has brought out detailed publications on the designs of such structures in rural areas and translated in vernacular languages in Hindi, Telegu and Bengali. These publications were also distributed to Department of Panchayats and Rural Development of all States.

- INSDAG developed prototypes of low cost houses with tubular steel frames and ferro-cement panels as walls & roofs and implemented in West Bengal, Maharashtra and Tripura for demonstration of technology and performance evaluation over the years. Cost of such houses would be Rs.750/- per sq ft. approximately. INSDAG is also coordinating with National Institute of Rural Development and Panchayati Raj (NIRD), Hyderabad for implementation and demonstration of one such model house at NIRD's campus at Hyderabad. This Institute is a hub of all Rural Housing initiatives and center for innovation & applicable Technologies.

- A manual was prepared for National Rural Road Development Agency (NRRDA) under Ministry of Rural Development for small span steel bridges (6m, 7.5m, 9m, 11m, 13m & 15m) and culverts (2m, 3m, 4m & 5m) applicable for rural roads (under PMGSY Scheme).

- Developed prototype community grain storage bin and also will be working for Green House for safe farming of seeds, flowers, fruits, etc.

- To give further impetus on capacity building in rural areas in terms of fabrication, INSDAG is coordinating with Deptt. of Micro & Small Scale Enterprises & Textiles, Govt of West Bengal to develop Common Facility Centre (CFC) in 6 Districts of West Bengal (Coochbehar, Darjeeling, Siliguri, Maldah, Paschim Medinipur & Purba Medinipur). 30 more CFCs are identified for further development. INSDAG Carried out Diagnostic Study Report (DSR) and Detailed Project Report (DPR) at initial phase. Hand holding support for setting up Industrial clusters is now being imparted to selected centres. Soft intervention for setting up CFC in Steel Fabrication is presently underway in few locations in Paschim Mednipur.

The following are the areas / activities initiated in the urban segment to boost consumption:-

- Publishing need based technical Manuals, Guidebooks and Reports for Architects and Consultants.

- Annual all India Student Competition for Students of Engineering Colleges, one for Civil & Structural students and another for Architecture students on different themes of making steel based structures. INSDAG also conducts all India Competition for Professionals every year for any iconic steel structures designed and constructed last one year.

- INSDAG is coordinating with Central Building Research Institute (CBRI), Roorkee, a nodal agency on development of various alternation building technologies, on development and implementation of INSDAG's steel-intensive model houses across the country depending on various regional requirements. MoU with CBRI in this regard has also been signed.

- Conducting courses / lectures of different topics on steel related subjects covering technicians and decision makers.

- Interacting with Academic Institutes both Government and Private Engineering Colleges by delivering class room lectures, sponsoring steel based project work and jointly organizing conferences and seminars.

- By representing in good number of National Bodies to incorporate steel as materials, design methodology as syllabus in the Engineering course work.

- INSDAG website has been made as single window knowledge source.

- INSDAG provides free technical advisory services to both Members and Non-Members on steel sourcing, interpretation of Codes & Standards.

- INSDAG has drawn up corrosion map and validation of passive fire proofing of steel structures first time in the country and the output is being used by Professionals.

- INSDAG as a member of BIS is continuously assessing the requirement of new Codes and also updating the old ones to make steel based construction competitive (IS 808, IS 11384, etc.).

- Taking up consultancy jobs to demonstrate steel based construction both in conventional and new areas through out the country.

- INSDAG is organizing workshops on steel usage for final year Civil / Metallurgical Engineering students at different private Engineering Colleges. So far, 10 such workshops (3-days' each) have been organized at different private Engineering Colleges. INSDAG is also trying to organize the programmes for Engineering Colleges in other States in association with leading professional bodies like ACCEI, ISSDA, IZA, etc.

[O.M. No.11014 (3)/2017-Parl. Dated 27th June, 2017 of Ministry of Steel]

Recommendation No.5

POLICY INITIATIVES

The Committee note that India is currently the world's 3rd largest producer of crude steel preceded by only China and Japan as against its 8th position in 2003. Further, the domestic crude steel production capacity expanded from 90.87 MT per annum in 2011-12 to 121.97 MTPA in 2015-16. During the first nine months of the year 2016-17 (April-December 2016-17), the overall performance of domestic steel industry has shown a positive growth as the production of finished steel during this period was 73.96 MT indicating a 10.8 % growth as compared to first three quarters of 2015-16. Moreover, import of steel too had declined by 37.4% during the same period of 2016-17 as compared to 2015-16 and it was only 5.74 MT against 11.71 MT during the previous year. The Committee also note that a pelletisation lab at RDCIS has been set up which can be used by Pelletisation Plants to optimize their parameters for making pellets from various types of iron ore fines to be used in blast furnace as well as DRI plants. Further, a trend setting project has been successfully commissioned at RINL to generate power with green technology in collaboration with NEDO, Japan, Metal Scrap Trade Corporation (MSTC) Limited and the Ministry of Steel have jointly launched an e-platform called 'MSTC Metal Mandi' under the 'Digital India' initiative on 22nd October, 2016 at New Delhi, which will facilitate sale of finished and semi-finished steel products. The Committee also observe that last 2 years were challenging for the domestic steel industry, but with the intrinsic strength and wide range of policy initiatives taken such as notification of Minimum Import Price, notification of Anti-Dumping Duty in order to protect the industry, notification of Stainless Steel (Quality Control) Order, etc. by the Government over the recent period, the industry was able to show some signs of recovery. The Committee while appreciating the slew of measures taken by the Government for revival of domestic steel industry, expect that the Government will continue with these policy decisions to ensure a level playing field for domestic steel industry and safeguard their interest.

Action Taken

1. **Trade Remedial Measures:** India was a net exporter of steel in 2013-14. However, due to global downturn in steel demand and excess capacities in major steelmaking countries such as China and Japan, India witnessed a significant surge in imports in 2014-15, which continued in 2015-16 as well. There was 75.5% increase in imports of total steel (Alloy + Non Alloy) in 2014-15. This trend continued in 2015-16 with 27% increase in the imports of 'total steel'. However, after implementation of measures such as MIP and Anti-Dumping and Safeguards duties, finished steel imports declined by 38% during April '16 – February '17 as compared to the corresponding period last year. These trade remedial has had a positive impact on the domestic steel industry in terms of putting a check on the quantum of imports and improving price realizations.

Given the cyclical nature of steel industry, there would be situations of unfair trade practices in the future also. To prevent occurrence of the same, Government will continue to be vigilant and will intervene in the market as and when required with suitable trade remedial measures in line with WTO guidelines and/or India's Foreign Trade Policy to protect the interests of the domestic producers.

2. **Introduction of concept of Life Cycle cost in the GFR Guidelines:** The new General Financial Rules (GFR), 2017 have been amended accordingly. Rule 136 of the new General Financial Rules (GFR), 2017 dealing with commencement of work now states that no work shall be commenced or liability incurred in connection with it until a properly detailed design has been sanctioned and while designing the project, "principles of Life Cycle Cost may also be considered".
3. **Rationalization of Import duties:** Basic Customs Duty (BCD) reduced on Nickel and Natural Gas from 2.5% and 5% to Nil and 2.5% respectively. In addition, Ministry is again following with Department of Revenue, Ministry of Finance regarding reduction in BCD on Ferro-Nickel, Stainless Steel Scrap, increase in BCD on Alloy/ Stainless Steel and other issues relating to import of inputs for production of CRGO.
4. **SRTMI:** Ministry has established Steel Research & Technology Mission of India (SRTMI). The scope of SRTMI will encompass the work related to quality mapping, accreditation of laboratories and industry-collaborative research along with developing expertise & skill development, managing human resources
5. **Commissioning of expansion of Steelmaking capacity in PSU:** Progress of the ongoing major projects of PSUs are constantly monitored against their targets. Also, Ministry is in advanced stage of discussion on strategic disinvestment of its PSUs with DIPAM.
6. **Rollout of National Steel Policy 2017:** With the roll out this policy, it is envisaged that the industry will be steered with appropriate policy support in creating an environment for promoting domestic steel and thereby ensuring that production meets the anticipated pace of growth in demand. Hopefully, India will create a technologically advanced and globally competitive steel industry that is self-sustainable and environment friendly.
7. **Implementation of DMI&SP Policy:** The policy mandates to provide preference to Domestically Manufactured Iron & Steel Products (DMI&SP), in Government Procurement for its own use and not with a view to Commercial resale or with a view to use in the production of goods for commercial sale. The policy is envisaged to promote growth and development of domestic steel Industry and reduce the inclination to use, low quality low cost imported steel in Government funded projects leading to better quality and development for domestic steel sector, with self-reliance in domestic manufacturing hubs.

[O.M. No.11014 (3)/2017-Parl. Dated 27th June, 2017 of Ministry of Steel]

Recommendation No.6

UTILIZATION OF 12TH PLAN OUTLAYS BY STEEL PSUs

The Committee note that an approved outlay of Rs. 90974.64 crore was earmarked for schemes of PSUs of Ministry of Steel for the 12th Five Year Plan, out of which only Rs. 59337 crore could be expended till December, 2016, a utilization of mere 65%. Coming to utilization performance of individual steel PSUs, the Committee note that against the approval outlays outlays of Rs. 13373 crore, Rs. 105 crore, Rs. 3080 crore and Rs. 1459 crore for RINL, MSTC, KIOCL & MOIL respectively, the actual expenditure were Rs. 6971 crore, Rs. 0.10 crore, Rs. 38.86 crore and Rs.441.47 crore which is 52%, 0.09%, 1.2% and 30.2% of the approved outlays. The Committee, while taking into consideration the justifications by the Ministry as well as PSUs, express their concern at the gross underutilization of approved outlays by these companies in spite of repeated recommendations by the Committee to improve utilization of plan outlays earmarked for them. In the opinion of the Committee, such underutilization of planned funds definitely have an adverse effect on the production and modernization and expansion plans of Steel PSUs. The Committee, therefore, recommend that the Ministry should look into this aspect and take appropriate remedial measures for ensuring optimum utilization of plan funds by addressing the various constraints which hinders effective and smooth implementation of various activities/projects/Plans undertaken by steel PSUs. The Committee may be apprised of the corrective measures taken by the Ministry/PSUs in this regard.

Action Taken

Rashtriya Ispat Nigam Limited (RINL) has completed the current phase of Expansion for doubling the capacity from 3 Mtpa to 6.3 Mtpa financed mainly through internal accruals. Stabilization of the units is in progress for ramping up the production progressively. Further, RINL is expanding its capacity to 7.3 Mt through modernization of existing units. Currently, RINL is in consolidation phase where efforts are on ramping up production, so as to maximise returns from these facilities.

Capex projections of Rs.13373 crore for the 12^{th} Five Year Plan also included an outlay of Rs 2190 crore for the companies under the erstwhile Bird Group viz. OMDC/BSLC. The projection was based in anticipation of renewal of mining leases of OMDC. RINL and Ministry of Steel have made much efforts, however, renewal of mining leases by the Government of Odisha are still pending/ under litigation. The projections included Rs. 11,183 Crore towards capex for RINL.

A system of checks and balances is in place in RINL/VSP to monitor progress of various projects and to plug delays, if any, relating to execution of projects, etc. This includes close monitoring of all critical issues at various levels of the Plant including at Director level through regular review meetings & constant follow up with CEOs of executing/implimenting agencies concerned. The progress of various projects is also reviewed regularly by the Board and the Board Sub-Committee of RINL.

Progress of ongoing projects of **NMDC Ltd.** were reviewed regularly in the Ministry at the different level and instruction/direction given to expedite the implementation of these projects as per timelines. Directions were also issued for ensuring optimum utilization of plan funds.

The reasons for low utilization of outlay in **MOIL Ltd.** were delay in grant of leases which led to delayed taking up of works at Balaghat, Ukwa, Chikla and Gumgaon mines. Consequently, work on new area development, which required substantial expenditure also could not be taken up. Further, the expenditure earmarked for Joint Venture (JV) project could not be taken up during the 12th Plan period due to increase in rates of power and shortage of power in Andhra Pradesh, which is the main ingredient for production of Ferro-alloys. Due to close follow up with respective State Governments and support from the Ministry of Steel, MOIL Ltd. could get necessary clearances in respect of Prospecting License (PL) / Mining Leases (MLs). Consequently, MOL Ltd. has taken up the mining projects and exploration activities for new area development which will help to achieve the allocated outlays.

Progress of ongoing projects of MOIL Limited were reviewed regularly in the Ministry as well as in the CPSE at different levels. Directions were also issued for ensuring optimum utilization of plan funds and to expedite the implementation of projects as per timelines.

The Govt. has approved a plan outlay of ₹ 5.00 crores per year under its 12th five year plan to be expended by **MECON** from its I&EBR towards expansion, modification & augmentation of Office Space / Guest House etc. at various locations. The company has made a revised estimate of ₹ 15.00 crores for the FY 2016-17. Thus the total outlay for the 12th five year plan amounts to ₹35.00 crores to be expended by MECON from its I&EBR towards expansion, modification & augmentation of Office Space/Guest House etc. at various locations.

MECON has got an office Building Complex at HO, Ranchi which was constructed in mid 60s and the same has become very old and requires up gradation from time to time. Further, the Guest House facilities at HO, Ranchi is also very old and requires up gradation and uplift. MECON has purchased Flats/Land, etc. for setting up Guest House facilities at different locations. For these purposes MECON has taken up many small projects of short duration and small values as given below:

₹ in crores

Sl. No.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17 (Prov.)	Total
1.	Augmentation / Renovation of Office Facilities	1.68	3.35	4.00	3.33	1.49	**13.85**
2.	Acquisition / Renovation / Purchase of Flats, Land, etc for Guest House at different locations	-	-	-	4.17	10.00	**14.17**
3.	Augmentation of power distribution system	-	1.56	0.61	1.17	1.47	**4.81**
4.	Others	3.32	1.19	1.51	1.36	1.40	**8.78**
	TOTAL	**5.00**	**6.10**	**6.12**	**10.03**	**14.36**	**41.61**

Out of the total outlay of ₹ 35.00 crores for the 12th five year plan, MECON has expended an total amount of ₹ 41.61 cores (prov.) from its I&EBR towards expansion, modification & augmentation of Office Space / Guest House etc. at various locations. Hence, there is no under-utilisation of the 12th five year plan outlay.

During 12th five year plan initial outlay of Rs 105 crore was fixed on account of setting up of Auto Shredding plant by **MSTC** on its own. Later on MSTC decided to set up the plant in Joint Venture with a private partner through equity participation . Accordingly plan outlay on this account has been revised to Rs 20 crore, in the form of equity contribution. As the differentiation between the plan and non plan capital expenditure has been done away with, the RE 2016-17 has been fixed at Rs 28.45 crore as per details given below:

Name of the Scheme	2016-17 (fig in Rs Core)
1. Setting up of Shredding Plant (in the form of equity in JV)	10.00
2. Purchase of land and construction of Office Building there upon	15.00
3. Miscellaneous item of Administrative in nature	3.45
Total	**28.45**

The JV company through equity participation with M/s Mahindra Intertrade Ltd. to set up the auto shredding plant has been formed only on 16.12.2016. So far only Rs 3.10 Core has been spent towards initial equity contribution. Balance amount of Rs 6.90 crore will spill over to F.Y 2017-18. It is expected that it will be utilized in the F.Y 2017-18 for purchase of equipment and setting up of collection centers for the Auto Shredding plant.

Against the balance allocation of Rs18.45 crore for Purchase of land and construction of office Building there upon etc Rs 7.36 has been spent up to February 2017. The reason for shortfall is delay in getting land from Government of West Bengal for the proposed office building. National Building Construction Corporation (NBCC) Limited has already been assigned the work of project consultant. It is expected that the balance amount will be utilized in next financial year.

During the 12th Five Year Plan (2012-17) the actual amount spent was Rs.40.33 crores against the approved outlay of Rs.3080 crores by **KIOCL Limited (KIOCL)**. The reasons for non utilization of allocated fund for each scheme/project during 12th five year plan are:

i) Non allocation of captive iron ore mine specially Ramanadurga iron ore mine by Govt. of Karnataka against the mining lease application submitted by Company. Similarly, other State Government also did not grant any mining lease against Company’s ML applications.

ii) In case of Chikkanayakanahalli Mining lease, the lease boundary is overlapping with other 02 ML allottees. Therefore the process of execution of mining lease deed and development of Chikkanayakanahalli mine was held up. The matter was pending with Govt. of Karnataka for resolving the dispute. Hence this project could not be taken up for development even though out lay was approved during 12th Plan.

iii) Govt. of AP issued notification dated 30 Nov 2015 reserving area over an extent of 1327 hectares for iron ore in Nemkal in favour of M/s A.P.Mineral Development Corporation Limited (APMDC) under Section 17A(2) of the Mines and Minerals (D&R) Act, 1957. Effective implementation of project started only during the FY 2016-17 for undertaking exploratory drilling.

Setting up of forward and backward integration with BFU, Mangalore, Karnataka. In order to make Blast Furnace Unit sustainable on standalone basis, KIOCL proposed to set up sinter plant as backward integration and billet caster and rod mill plant as forward integration and proposed an outlay of Rs. 125 Cr. during FY 2017-18.

Optimum Utilization of plan funds for 12th Five Year Plan from 2012-13 to 2016-17 by **Ferro Scrap Nigam Limited (FSNL)** is given below:-

Details of 12th Five Year Plan

Year	Plan Outlay (Rs. in Cr.)	Actual Expenditure (Rs. in Cr.)	% age of utilization
2012-13	12.00	8.52	71.00
2013-14	12.00	14.29	119.08
2014-15	12.00	12.65	105.42
2015-16	12.00	14.07	117.25
2016-17	12.00	14.12 (Provisional)	117.67
Total	**60.00**	**63.65**	**106.83**

FSNL achieved 100% of Plan Outlay target allocated for 12th Five Year Plan within the FY 2016-17.

[O.M. No.11014 (3)/2017-Parl. Dated 27th June, 2017 of Ministry of Steel]

Recommendation No.7

PHYSICAL AND FINANCIAL PERFORMANCE OF SAIL

The Committee note with distress that income of SAIL has declined steadily during the last 3 years on account of sluggish market conditions. The income of the Company which was Rs. 53470 crore in 2014-15 declined to Rs. 43934 crore in 2015-16 and to Rs. 22292 crore during 2016-17 (upto September, 2016). However, the Committee note that for the year 2017-18, income of SAIL is targeted at Rs. 64155 crore but still, SAIL is likely to post a net loss of Rs. 4211 crore during 2017-18. The Committee observe that net sales of the company at Rs. 31330 crore are up by 14.9%. Similarly, EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) at Rs. 529 crore is improvement by Rs. 2115 crore and profit after tax at Rs.(-) 2062 crore is improvement by 27%. As regards physical performance parameters, the Committee express their satisfaction at 16% growth in saleable steel production (10.2 MT), 14.7% in value added production (4.3 MT) and 16% growth in saleable steel sales (9.7 MT).The Committee while appreciating these positive trends in physical and financial performance of SAIL, desire that earnest efforts be continued to bring back the dwindling fortunes of the company to its past glory.

Action Taken

Financial Performance of SAIL

(Rs. in crore)

Particulars	2013-14	2014-15	2015-16	9M 2016-17
Profit (+)/Loss(-) After Tax	2616	2093	-4137	-2062

Physical Performance of SAIL :

Major Achievements of SAIL during 2016-17

- **Highest ever** production of crude steel in a year at 14.494 MT with a growth of 2% over last year (Previous best 14.289 MT in 2015-16)
- **Highest ever** production of saleable steel in a year at 13.87 MT with a growth of 12% over last year (Previous best 13.04 MT in 2007-08)
- **Highest ever** concast production at 11.77 MT with a growth of 9% over previous best of 10.8 MT achieved in 2015-16. Proportion of Concast in crude steel has increased to 81% in comparison to 76% of last year.
- **Lowest ever** coke rate at 473 kg/thm, improved by 3 % over CPLY (previous best 489 kg/thm; 2015-16).
- **Highest ever** BF productivity at 1.67 t/m^3/day improved by 6% as compared to last year (previous best : 1.58 t/ m^3/day in 2015-16).

Measures taken by SAIL in bringing down the cost of production and improving the profitability are as under:-

- Reduction in consumption level of raw materials like Coal, Iron Ore, Fluxes, etc.and bringing down cost of raising iron ore & clean coal in mines .
- Production optimization and product-mix improvement
- Improvement in techno-economic parameters.
- Rationalization of manpower through VRS.
- Identification and closure of uneconomic activities.

- Rationalizing production from relatively inefficient routes of production.
- Waste management.
- Strict control on demurrage expenses.
- 10% reduction in the various items of administrative expenses.
- Re-negotiation of prices of long term contracts for cutting down procurement price where deliveries are still pending.
- De-proprietorisation of items of stores & spares, plant & machinery, maintenance services, etc.
- Reduction in inventory of finished/semi-finished products, stores & spares and raw materials, etc.
- Monitor and reduce handling and transit losses of imported coal.
- Reduction in logistic cost for transportation of coal being imported
- Reduction in Cost of Capital by substitution of high cost debts with low cost long/short term funds.
- Reduction in specific power and water consumption.

[O.M. No.11014 (3)/2017-Parl. Dated 27th June, 2017 of Ministry of Steel]

Recommendation No.8

RINL

The Committee note that RINL has completed its expansion plan capacity to 6.3 MTPA and stabilization of the units is in progress for ramping up the production progressively. While appreciating the higher targets of 5.6 MT of hot metal, 5.06 MT of crude steel and 4.8 MT of saleable steel production by the company during 2017-18, as compared to BE/RE for the year 2016-17 the Committee also note that the income of the company is targeted at Rs. 16580.80 crore as compared to Rs. 13317.18 crore (RE) during 2016-17. However, the Committee feel concerned at the declining profits of RINL. From profit after tax of Rs. 52.81 crore in 2014-15, RINL ported a loss of Rs. 1420 crore in 2015-16. For Financial year 2016-17, the loss to the company is of Rs. 975.68 crore till December, 2016. The Committee also note that during 2015-16, the income of RINL was Rs. 10480.58 crore whereas the operating cost was Rs. 11271 crore which was Rs. 790.49 crore higher than the income. Similarly, for 2016-17, income upto December, 2016 for RINL was Rs. 8680.90 crore whereas the operating cost was Rs. 257.69 crore more than the income at Rs. 8938.59 crore. However, for BE 2017-18, RINL has projected income of Rs. 16580.80 crore against an operating cost of Rs. 16555.81 crore and thus, the income of the company will be more than the operating cost by Rs. 24.99 crore. The Committee, therefore, are of the considered opinion that remedial steps need to be taken to increase the efficiency of the company by reducing its operating cost.

According to the Ministry of Steel, the major reasons for decline in profit were adverse market conditions, lower Net Sales Realisation of steel products, adverse impact of levy of contribution to District Mineral Foundation (DMF) and National Mineral Exploration Trust (NMET), higher usage of imported coal in the blend due to lower availability of indigenous coal, increase in salaries & wages, higher interest charges and reduction in interest earning on deposits and Higher depreciation due to capitalisation of new facilities. The Committee also note that keeping in view the present financial position of the company, emphasis has been given on consolidation of existing facilities at RINL rather than going for new capital schemes and no prospective plan has been prepared by RINL for the next five years. While agreeing with the decision of the company to consolidate existing facilities, the Committee desire that till market conditions become conducive, RINL should concentrate on initiating cost saving measures by focusing on bringing more and more special quality and value added products in the market to curb the ongoing trend of losses. The Committee would like to the apprised of the initiatives undertaken by the Ministry/RINL in this regard.

Action Taken

RINL is one of the major players in the country for Long Products, such as Bars, Rods and Structurals. Under 6.3 Mtpa Expansion, the size range and flexibility in this product basket has been enhanced. Secondary metallurgy facilities have been installed under expansion to enhance the capabilities for production of quality and high-end Value Added Steels. Facilities like combined blowing, RH Degasser, billet casters with auto mould technology, electromagnetic stirring have been adopted for producing cleaner steel, to have better yield and increasing production of High End value Added Steel.

In the year 2016-17, the value added steel production was at 3.10 Mt, which is 18% improvement over previous year and constitutes 80.5% of the total steel produced. The component of High Carbon, High Manganese and 20.64 Spring Steel was increased from 1.38 lakh tonnes in 2015-16 to 2.05 lakhs tonnes in 2016-17.

RINL has also been putting all efforts, apart from focusing on value added steel production, to explore internal drivers for cost reduction and the various cost reduction initiatives being undertaken are reviewed and additional cost rationalization measures have been identified in the areas pertaining to raw material, generation of green energy and improvement in operational efficiency, etc. RINL has formulated a number of measures for reducing the cost of production, salient amongst them being:-

- Pulverised Coal Injection, as partial replacement for Blast Furnace Coke, has been started in Blast furnace 3 and is planned to be started in BF 2 after completion of modernization and in BF 1 after stabilisation of production.
- Usage of different Coals in the Coal Blend is optimized continuously to achieve overall reduction in the cost. Three new coal brands, from Mozambique, Canada and Indonesia were introduced in the Coal Blend, enhancing the supplier base. Procurement of Coal from Indonesia has given the benefit of lower freight also.

- In order to reduce the outgo on account of ocean freight, cape size vessels with a carrying capacity of about 1.5 lakh tonne are being nominated for coal shipments.
- 120 MW BF gas based Power Plant, was commissioned in 2015-16 enabling reduction in power generation cost as also quantum of power import. With this, the power generation capacity based on utilization of waste energy has increased.
- Product Mix and Distribution has been changed from time to time, in line with the market demand and to maximize the realizations.
- The percentage of Value Added Steel under Expansion units has been ramped up.
- Thrust on cost reduction measures to restrict expenditure has been further intensified in all areas which have larger potential of cost reduction.

[O.M. No.11014 (3)/2017-Parl. Dated 27th June, 2017 of Ministry of Steel]

Recommendation No.10

MECON Ltd.

The Committee note that MECON Ltd. is one of the leading multidisciplinary Design, Engineering, Consultancy and Contracting organization catering to a vast field of related/diversified areas with extensive overseas experience. The Committee, however, feel concerned at the poor financial performance of MECON Ltd. during the last 3 years. From a profit after tax of Rs. 20.27 crore earned by the company during 2014-15, the company has posted a loss of Rs. 162.41 crore and Rs. 103.58 crore (upto January, 2017) during the Financial Year 2015-16 and 2016-17 respectively. According to the Ministry of Steel, MECON is facing a steep decline in its profitability parameters due to the downturn in the steel sector, which is the core business area of the company. However, the Committee express their concern at the higher operating cost of Rs. 563.85 crore as compared to income of the company at Rs. 400.11 crore during 2015-16 and operating cost of Rs. 514.33 crore against income of Rs. 390 crore (RE stage) during 2016-17. The Committee also note that Business Procurement of MECON was Rs. 593.41 crore in 2014-15, Rs. 683.40 crore in 2015-16 and upto December 2016 business of Rs. 589.45 crore had been procured. For BE 2017-18 also, the target of Business Procurement has been earmarked at Rs. 725 crore. The Committee are happy to note that MECON has successfully delivered landmark projects of National importance like Second Launching Pad at Shriharikota, India's first indigenous launching pad at Satish Dhawan Space Centre, SHAR; Integrated Engine Testing Facility in Mahendragiri for performing static tests on semi cryogenic propulsion system for ISRO; Specialized blast proof and protected underground structure and specialized EMP protected over ground structure for BEL; Setting up of Pilot Plant for the development of production technologies for CRGO steel; Modernization of Indian Naval Aircraft Yards at Goa & Kochi for Indian Navy; Forged Rail Wheel Plant for RINL; State of Art Campus for Nalanda University, IIT Indore, Geo-Technical Centrifuge Facility at IIT Bombay (the 6th of its kind in the world), funded by DST, DRDO & Ministry of HRD; Asia's biggest coal handling facility from harbor to power plant with belt conveyor system of 11 kms for TNEB, etc. Taking into account the landmark projects delivered by MECON, the Committee believe that ample business opportunities are available to the company. The Committee, therefore, desire that the company should make vigorous efforts to procure projects not only in the steel sector but also start focusing more on Infrastructure and Energy sectors in the light of its vast expertise. The Committee hope that as a result of its earnest efforts with its focused approach and right strategies, MECON would soon be able to improve its financial performance and regain its profitability. The Committee would like to apprised of the earnest efforts made by the Company in this regard.

Action Taken

Major reasons for losses being incurred by MECON are as follows:

(a) The company has not been able to secure a good order booking during the past few years. Low order booking in previous years has affected the turnover for 2015-16 and the turnover for 2016-17.

(b) The projects in hand (particularly Modernization & Expansion Plans of SAIL) are nearing the completion stage resulting in low contribution towards turnover.

(c) The core sector i.e. Metal & Mining has witnessed global overcapacity situation thus falling of prices and lack of interest in developing new projects by entrepreneurs which further contributed to the low order booking of MECON.

(d) Further ban on iron ore mining resulted in either delay in implementation of projects or even non-materializing of expected projects. Several orders bagged in previous years are not moving to next phase of implementation. There has been a general slowdown in industrial growth among Power, Oil & Gas, Chemical and Manufacturing (except automobile section) in last 3 years and there has been a serious problem of repayment to funding institution/Banks causing choking of capital for new projects /already approved projects.

(e) Due to difficulties in acquisition of land and ROU/ROW the long distance pipelines and terminal projects also could not take off.

(f) Company had targeted turnover from Beneficiation and pellet plant projects at Bhilai Steel Plant and Rourkela Steel Plant where MECON was L-1 in the tendering process. However, company could not achieve any turnover from the above projects. Order for Bokaro Steel Plants COB#8 has been received by MECON only recently, which will get converted into turnover mainly in 2017-18 & 2018-19.

(g) In ongoing projects also SAIL/RINL have slowed down their coke making plants rebuilding/ new capacity due to lower requirement of coke due to higher inventory and slower ramp up of their new capacities.

(h) Further, in many of our projects like SAIL modernization plans, ISP modernization, Blast Furnace #7 (Package-I) of Bhilai Steel Plant, Wire Rod Mill of RINL, etc, extra claims of MECON have not been settled by clients, resulting in lower turnover & order booking for the company.

As the company is heavily dependent upon human resources, the proportion of the employee benefit expenses of the company, which is the major component of its operating cost is fixed in nature, is quite high. This is also resulting in losses of the company. However, the company is in the process of curtailing its avoidable expenses in the best possible ways in line with the austerity measures issued by the Govt. of India.

Intensive efforts made by MECON to venture into diversified sectors:

MECON has taken various initiatives that include scouting for strategic partners to synergize the experience, expertise and resources to become successful in a highly competitive business environment. Keeping this in view, MoUs/Working partnerships, both for long term and project specific associations, have been entered into with different companies having relevant experiences. MECON is also targeting at International market for business potential and is participating in overseas Projects.

During the FY 2016-17, company has made intensive efforts to diversify into sectors like Infrastructure and Energy as the core sector of the company's business i.e. Metals is experiencing global slowdown. The company has been able to book orders worth approx. ₹ 569 crores in Infrastructure sector and approx. ₹ 214 crores in Energy sector out of total order booking of approx. ₹ 1,419 crores in the FY 2016-17. This good order booking will get converted into turnover in coming few years and will result in improved financial performance of the company. This trend is likely to continue in future.

Further, marketing efforts in a diversified sector in the area of Mineral/ Coal Auction, MECON has been appointed by the Ministry of Mines (MoM) as Consultant for providing handholding services to various State Governments to facilitate mineral auction in various states. In this regard, MECON has already provided Transaction Advisory Services (TAS) / DGPS survey works for Rajasthan, Andhra Pradesh, Jharkhand and Madhya Pradesh. TAS services have been provided for 22 nos of blocks whereas DGPS has been carried out for 19 Nos. of blocks.

The work related to the first phase of mineral auction has ended on 31.03.2017. For the futuristic rounds of auction the State governments shall engage consultant by themselves. In this regard Rajasthan and Jharkhand have already approached MECON requesting for similar services.

MECON also provided TAS to NMDC, SAIL, RINL, etc for participating in Mineral auction for iron ore & manganese ore and coal blocks. Subsequent to the mineral auction, MECON are providing consultancy services for development of some of the mine blocks.

[O.M. No.11014 (3)/2017-Parl. Dated 27th June, 2017 of Ministry of Steel]

Recommendation No.11

MSTC Ltd.

The Committee note that MSTC is engaged in two business segments namely, e-Commerce and Trading. The e-commerce business of MSTC Ltd. increased from Rs. 22977 crore during 2014-15 to Rs. 26437 crore during 2015-16 and against RE target of Rs. 25270 crore during 2016-17, the actuals (upto December, 2016) are Rs. 21816 crore. The Company has set a target of Rs. 30500 crore e-commerce business during 2017-18. As regards the trading business, the Committee note that the same is on a declining trend as it has decreased from Rs. 6945 crore during 2014-15 to Rs. 4382 crore during 2015-16. Against RE of Rs. 3640 crore during 2016-17, the company's trading business (upto December, 2016) was only Rs. 2633 crore. The Committee, also note that the overall income of the company has declined from Rs. 5506.48 crore during 2014-15 to Rs. 2967.50 crore during 2015-16. Further, against BE and RE of Rs. 4050 crore and Rs. 3180.06 crore respectively during 2016-17, the actuals (upto December, 2016) were only Rs. 1162.57 crore. The Income target of the company for 2017-18 is only Rs. 2555 crore. The Ministry has attributed slow down in Steel Sector which was the major source of business in trading for MSTC Ltd., decline in imported thermal coal to the Power utilities affecting trading business of MSTC Ltd. and steep fall in the prices of forward e-auction items/commodities particularly scrap and iron ore as the main reasons for declining profits of the company. While noting that these circumstances are beyond the control of MSTC, the Committee would like to emphasise that to tide over the crisis, the company should strive hard to increase its business and profitability by adapting to the present day environment of digital payments and e-business of almost all products including major minerals, agro and forest products, petro products, purchase of goods and work contract, etc. The Committee would like to be apprised of the action plan of MSTC Ltd. in this regard.

Action Taken

MSTC is engaged in two business segments viz. e-Commerce and Trading.

e-Commerce : This segment of business deals in the sale of scraps, condemned items, old plant & machineries, land parcels, NPAS etc. and prime products like all major minerals, agri & forest produce, petro products, coal and non-coal mining blocks, human hair etc all through e-auctions. The E-procurement business is typically high volume and low remuneration oriented and offers major potential for e-commerce business due to Government policy for switching over all the purchases of goods & work contracts though e-procurement mode.

Trading: MSTC facilitates procurement of raw materials primarily for the buyers from the secondary steel producers and petroleum sector.

Physical target and achievement during the last 3 years are given below:-

(Rs. in crore)

	2014-15			**2015-16**			**2016-17**		
Item	BE	RE	Actual	BE	RE	Actual	BE	RE	Actual (Prov.)
e-Commerce	15,415	15,415	22,977	16,360	20,500	26,437	26,000	25,270	46,724
Trading	6,480	6,480	6,945	4,100	5,950	4,382	3,850	3,640	4,309
Total	**21,895**	**21,895**	**29,922**	**20,460**	**26,450**	**30,819**	**29,850**	**28,910**	**51,033**

Financial target and achievement during the last 3 years are given below:-

(Rs. in crore)

	2014-15			2015-16			2016-17		
Item	BE	RE	Actual	BE	RE	Actual	BE	RE	Actual (Prov.)
Income	5074.50	5074.50	5506.48	3714.65	5498.00	2967.58	4050.00	3180.06	1496.62
Operating Cost	4956.00	4956.00	5376.29	3644.65	5399.80	2872.63	3644.65	3077.00	1402.90
Gross Margin	118.50	118.50	130.19	70.00	98.20	94.95	98.49	103.06	93.72
Profit before Tax	114.50	114.50	131.47	67.50	95.70	91.34	97.49	100.56	92.52
Profit after Tax	75.57	75.57	90.99	44.55	63.16	59.88	63.75	65.76	60.50

During the year 2016-17, total e-Commerce business was Rs 46723.88 crore as compared to RE of Rs. 25270.00 crore. The businesses in e-Commerce have increased by 77% as compared to previous year's business of Rs 26437 crore. Due to decline in price of various items in forward auction there is a continuous pressure on service charge.

In trading business MSTC achieved Rs. 4308.71Crore as compared to RE Rs. 3640.00 crore.

Although the Company could achieve total business volume of Rs. 51032.57 crore, it could achieve Profit before Tax (PBT) of Rs. 92.52 crore only as compared RE Rs. 100.56 crore during the year 2016-17.

MSTC have already adopted digital receipts/payments. The Company is emphasizing to increase e-Commerce business in innovative way to increase the profitability.

MSTC has emerged as the largest e-Commerce Company in Government sector. MSTC has implemented e-Reverse auction of coal blocks and in majority of Government flagship schemes such as Deen Dayal Upadhyaya Gram Jyoti Yojana(DDUGJY), Discovery of Efficient Electricity Price(DEEP), Power System Development Fund (PSDF). MSTC has entrusted the job of Regional Connectivity Scheme UDAN (Ude Desh ka Aam Nagrik), Discovery of Rates of Interest on Project Loan etc. There are various other schemes for which development is going on. In trading segment, emphasis is given to get more new customers.

[O.M. No.11014 (3)/2017-Parl. Dated 27th June, 2017 of Ministry of Steel]

Recommendation No.15

KIOCL

The Committee are happy to note that production of pellets by KIOCL during 2016-17 grew significantly to 7.25 lakh tonnes (upto December, 2016) as compared to only 1 lakh tonnes of pellets produced during 2015- 16 resulting in income of Rs. 564.61 crore as compared to total income of Rs. 211.82 crore during 2015-16. Although, the company's profit after tax (upto December, 2016) is Rs. 1.10 crore only, the Committee find it as a positive growth as during 2015-16, the company incurred losses of Rs. 77.66 crore. The Committee also observe that against IEBR component of Rs. 1983.02 crore (RE stage) during 2016-17, the Company could only utilize Rs. 7.59 crore (upto December, 2016). The Committee also take note of the capital budget allocation of Rs. 451 crore by KIOCL during 2017-18 and budget allocation made by the company, for (i) development of Devadari Iron ore deposit in the state of Karnataka & forward integration project at Blast Furnace unit etc; (ii) Equity participation with NMDC & RINL for setting up slurry pipeline & Pellet Plant project; (iii) Development of iron ore deposit joint with APMDC, a State owned PSU under Government of Andhra Pradesh; (iv) Acquisition of stake in IDCOL; and (v) Setting of up forward and backward integration with BF-4, Mangalore, Karnataka. While taking into account the failure of the company to invest plan outlays during 2016-17, the Committee desire that concerted and coordinated efforts be made by KIOCL to ensure full utilization of outlays during the year 2017-18. The Committee would like to be apprised of the plans of the company for utilization of capital investments of Rs. 451 crore during 2017-18.

Action Taken

With regard to utilization of capital budget allocation of Rs. 451 Crores for the FY 2017-18 towards various projects, Company will take concerted and coordinated efforts for full utilization of capital budget outlays during FY 2017-18, including the following areas:

i. Development of Devadari iron ore mine: Action has been initiated for approval of mining plan from Indian Bureau of Mines. This is prerequisite for getting Environmental Clearances. During the process of forest clearance, Company will be required to pay Net Present Value (NPV) and Compensatory Afforestation amount to forest dept in stage –II, apart from land compensation.

ii. Development of iron ore deposit with APMDC: Exploratory drilling will be undertaken during FY 2017-18 and budget is specifically earmarked for this purpose.

Utilization of capital budget allocated to other specific projects are linked to certain compliances, which are being monitored continuously by the Company.

[O.M. No.11014 (3)/2017-Parl. Dated 27th June, 2017 of Ministry of Steel]

CHAPTER – III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

-NIL-

CHAPTER – IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation No.9

OMDC and BSLC Ltd.

The Committee note that OMDC Ltd. and BSLC Ltd., constituents of erstwhile Bird Group of Companies, have become subsidiary companies of RINL and their financial performance figures have been clubbed with RINL. The Committee note that BSLC had been producing and dispatching limestone and dolomite – a raw material for steel making, but the production of limestone has been stopped from 2015-16, due to lack of its demand coupled with less requirement of dolomite by steel plants as a result of recession in economy in general and steel industry in particular. As regards OMDC, the Committee note that OMDC operates six mining lease of iron ore in the state of Odisha located around Barbil, Thakurani in the district of Keonjhar. However, at present operations in all the six mines are closed due to non-renewal of mining leases and litigations. Similarly, the mines of BSLC are also not under operation in the absence of renewal of mining leases. In view of such dismal scenario of these two companies, the Committee would like to be apprised of the accumulated losses of RINL on account of these two subsidiary companies. The Committee would also like to be apprised of the steps taken so far for renewal of mining leases and their present status. The Committee feel that it is unviable for smaller units/companies to manage themselves and therefore, the Ministry should explore the possibility of merger of BSLC and OMDC with RINL. In this context, the Committee in their 9th Report on Demands for Grants (2015-16), had also recommended for merger of OMDC & BSLC with RINL. Since no decision has been taken in the matter so far, the Committee would like to reiterate their earlier recommendation and hope that steps will be taken to merge these two companies with RINL without further delay. The Committee would like to be apprised of the progress made in this regard.

Action Taken

As per the Government approved holding pattern, EIL is a listed company and subsidiary of RINL (wholly owned Government company) and OMDC and BSLC are listed companies, and subsidiaries of EIL. Merger of these companies involves various factors including financial, operational viability, etc and approvals of their Boards . RINL, as the holding company, has been tasked with examining feasibility of various options and requisite actions keeping in view relevant DPE guidelines and statutory provisions.

[O.M. No.11014 (3)/2017-Parl. Dated 27th June, 2017 of Ministry of Steel]

Comments of the Committee

(Please see para 7 of Chapter I of the Report)

Recommendation No.12

SETTING UP OF SHREDDING PLANT BY MSTC

As regards setting up of Auto Shredding Plant by MSTC, the Committee observe that the company has signed a Joint Venture Agreement with Mahindra Intertrade Ltd. on 8th August, 2016 and a new Joint Venture Company Mahindra MSTC Recycling Private Ltd. has been incorporated on 16th December, 2016. A provision of Rs. 49 crore has been made for capital expenditure for the purpose during 2017-18 with Rs. 10 crore in the form of equity, Rs. 35 crore for purchase of land and construction of office and Rs. 4 crore for miscellaneous items of administrative nature. Although, the Ministry of Steel has informed the Committee that it is planning to set up the shredding plant by 31st March, 2018, the Committee note that the procurement of equipment and technology from some foreign companies for setting up the plant is yet to be finalized. The Committee, therefore, recommend that immediate action be taken for procurement of equipment and technology for setting up the plant by MSTC ensuring optimum utilization of capital expenditure of Rs. 49 crore and completion of the plant by March, 2018 as targeted.

Action Taken

MSTC will set up authorized collection centers for dismantling and compacting ELV & white goods before they are sent to the Shredding Plant. The Ministry of Road Transport and Highways (MORTH) has made a study to scrap commercial vehicle ageing over 15 years. The JV Company is scouting for foreign companies for equipment and technology for setting up of the Shredding Plant by 31st March, 2018.

A sum of Rs 10.00 crore has been allocated towards equity contribution for this project for the financial Year 2016-17. A sum of Rs 3.10 crore has already been spent on this account till 31.03.2017.

The process of procuring auxiliary equipments (dismantling and depolluting) for setting of Collection Centre have already started. In respect of other Equipment it is decided that bids would be invited by reverse auction mechanism using E-auction Platform of MSTC.

[O.M. No.11014 (3)/2017-Parl. Dated 27th June, 2017 of Ministry of Steel]

Comments of the Committee

(Please see para 10 of Chapter I of the Report)

Recommendation No.13

PERFORMANCE OF NMDC

The Committee note that the production of iron ore by NMDC was 304.41 lakh tonne during 2014-15. During 2015-16, the production of iron ore reduced to 285.74 lakh tonne. The production of iron ore by NMDC for the year 2016-17 was targeted at 327.50 lakh tonne against which the production of iron ore was 236.27 lakh tonne during 2016-17 upto

December, 2016. The production of iron ore during 2017-18 by the company is targeted at 350 lakh tonne. As regards sponge iron, the production was 28994 tonne during 2014-15 which sharply declined to 6614 tonne during 2015-16. The production target for 2016-17 was kept at 7000 tonne against which the actual production is 5719 tonne upto December, 2016. For 2017-18, the production target of sponge iron has been kept at 7000 tonne. The Committee feel that the increase in production target of iron ore by the company during 2017-18 is not commensurate with the 300 MT steel production target in the country by the year 2025. The Committee, therefore, recommend that a holistic plan may be prepared by Ministry of Steel/NMDC ensuring proportionate increase in production of iron-ore on yearly basis so that the target of production of 300 MT of steel by the year 2025 may be achieved.

Action Taken

During the financial year 2016-17, the Production of iron ore by NMDC increased from 286 LT to 340 LT, with a growth of 19% over previous year and the Sales also touched historical high of 356 LT against the previous year sales 288 LT, with a growth of 24% over previous year. In order to meet the demand for future, NMDC is ramping up the production from its Mines.

To meet the growing requirement of iron ore by the Indian Steel Industry, NMDC has made plans to increase its production capacity to 67 million tones per annum by 2021-22. The strategy focuses on growth largely through brown field expansion of existing mines and improving evacuation along with it. Development of two green-field mines (Deposit 13 & 4 in Chhattisgarh) has also been planned through JVs with the Chhattisgarh Mining Development Corporation.

For expanding capacity beyond this, NMDC is pursuing allocation of new iron ore deposits both through participation in auction and government dispensation route (Section 17 A (2A) of the revised MMDR Act, 2015). Once NMDC is allotted new deposits, it will invest in development of the same to further increase its production capacity for meeting the enhanced iron ore required for India's steel production to grow to 300 MTPA in the next few years.

NMDC is also planning to set up a Slurry Pipeline in phases for evacuation of the iron ore at economical cost to such locations from where the pellets / Ore is made available to industry. The effort for increase in evacuation capacity through doubling of KK Line is in full swing.

NMDC is also in the process of developing iron ore stock yards at other locations so that, even if there is a disruption in supply chain due to any reason, the needs of the industry can be met.

[O.M. No.11014 (3)/2017-Parl. Dated 27th June, 2017 of Ministry of Steel]

Comments of the Committee

(Please see para 13 of Chapter I of the Report)

Recommendation No.14

As regards setting up of 3 MTPA capacity steel plant in Chhattisgarh by NMDC, the Committee note that MECON, Ranchi has been appointed as Engineering and PMC consultant for the project and about 86% of major civil works, 82% of structural supply, 86% equipment supply and 66% of structural erection have already been completed. The Committee are, however, concerned to note that though the project was anticipated to be completed by May, 2015, the revised anticipated date of completion of the construction has been shifted to December, 2017. What has further perturbed the Committee is that the approved capital outlays of Rs. 15525 crore and revised capital expenditure is still under the process of finalization. The Committee therefore, desire that the Ministry of Steel/NMDC should take remedial steps to ensure that there is no further delay in completion of the project. The Committee would also like to be apprised of the revised capital outlays of the project.

Action Taken

The construction works of various packages are going on in full swing. The status of the major activities is as under:

Civil	- 88%,	Fabrication	- 85%
Erection	- 70%,	Equipment Supply	- 83%

The progress of the project is being monitored and reviewed at various levels including Ministry.

[O.M. No.11014 (3)/2017-Parl. Dated 27th June, 2017 of Ministry of Steel]

Comments of the Committee

(Please see para 16 of Chapter I of the Report)

CHAPTER – V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

-NIL-

NEW DELHI;
__ August, 2017
__Sravana, 1939 (Saka)

RAKESH SINGH
Chairperson
Standing Committee on Coal and Steel

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 3 AUGUST, 2017 IN HON'BLE CHAIRPERSON'S CHAMBER, ROOM NO. '210', B-BLOCK, PHA EXTENSION BUILDING, NEW DELHI.

The Committee sat from 1530 hrs. to 1600 hrs.

PRESENT

Shri Rakesh Singh - Chairperson

Lok Sabha

32. Shri Godam Nagesh
33. Dr. Banshilal Mahato
34. Shri Kamalbhan Singh Marabi
35. Shrimati Riti Pathak
36. Dr. Ravindra Kumar Ray
37. Shri Chandu Lal Sahu
38. Shri Janardan Singh "Sigriwal"
39. Shri Pashupati Nath Singh
40. Shri Rama Kishore Singh
41. Shri Sunil Kumar Singh
42. Shri Sushil Kumar Singh
43. Shri Krupal Balaji Tumane

Rajya Sabha

44. Shri Ranvijay Singh Judev
45. Shri Ram Vichar Netam

SECRETARIAT

1. Shri U.B.S. Negi - Joint Secretary
2. Shri Ajay Kumar Garg - Director
3. Shri Arvind Sharma - Additional Director

2. At the outset, Chairperson welcomed the Members to the sitting of the Committee.

3. The Committee thereafter took up for consideration the following Draft Reports on:-

(i) ** ** ** **

(ii) Action Taken by the Government on the observations/ recommendations contained in the 29th Report (16th Lok Sabha) of the Committee on "Demands for Grants (2017-18)" relating to the Ministry of Steel; and

(iii) ** ** ** **

4. The Committee adopted the Reports without any changes/modifications. The Committee then authorized the Chairperson to finalise the Reports and present the same to both the Houses of Parliament.

The Committee then adjourned.

**Do not pertain to this Report.

ANNEXURE- II
(Vide Para IV of Introduction)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE TWENTY-NINTH REPORT OF THE STANDING COMMITTEE ON COAL AND STEEL

I. Total No. of Recommendations made 15

II. Recommendations that have been accepted by the Government (*vide* recommendation at Sl. Nos. 1, 2, 3, 4, 5, 6, 7, 8, 10, 11 and 15)

11

Percentage of total 73.33%

III. Recommendations which the Committee do not desire to pursue in view of the Government's replies
(vide Recommendation at Sl. No. Nil)

00

Percentage of total 0%

IV. Recommendations in respect of which replies of the Government have not been accepted by the Committee
(*vide* recommendation Sl. Nos. 9, 12, 13 and 14) 04

Percentage of total 26.67%

V. Recommendations in respect of which final replies of the Government are still awaited (*vide* recommendation Sl. No. Nil) 00

Percentage of total 0%